

2009 Section 108 Guaranteed Loan Program Overview

In the fiscal year 2009, HUD approved twenty-seven Section 108 Guaranteed Loan commitments in the aggregate amount of \$236,031,000. The Section 108 Loan Guarantee Program provides local governments with a highly attractive option for financing a wide range of community and economic development activities, including housing rehabilitation, acquisition and site preparation, demolition, and commercial development. Generally, the financial demands of these activities exceed available local government resources, including HUD funds available through the [Community Development Block Grant program](#). In all cases, however, these development activities are well suited to the affordable, structured financing available through the Section 108 Loan Guarantee program. HUD further assisted local governments through the competitive award of Brownfields Economic Development Initiative (BEDI) funds, which were approved in conjunction with the Section 108 Loan Guarantee financing for development projects that need environmental remediation caused by contamination. For further program details, click here for the [Section 108 fact sheet](#) or the [Section 108 program home page](#).

Each of the Section 108 Loan Guarantee commitments are grouped into three categories of assisted project development: Economic Development, Housing, and Public Facilities. The assisted projects are described in the summaries provided below. In each category, there is introductory information followed by individual project financing summaries, which are listed alphabetically by Borrower Communities within states.

Economic Development Projects

Approximately \$195,397,000 in Section 108 Loan Guarantee authority was committed to 18 economic development projects across the country. The size of the commitments ranged from \$500,000 to Carlisle, PA, to assist for-profit businesses as component activities of economic development projects, to \$ 69,700,000 to Boston, MA, to carry out various economic development projects. Four of these projects were further assisted with BEDI grant funds.

Arizona

Economic Development Loan Fund

Mesa, AZ

Section 108 Guaranteed Loan - \$16,915,000

The City of Mesa will use the loan guarantee proceeds for the creation of an Economic Development Loan Fund (EDLF). The EDLF will assist new or existing businesses wishing to undertake real estate development or business expansion for the purposes of carrying out economic development or community economic development activities throughout the city. The City will give priority to projects located in specific target areas, which include the CDBG target area, the City of Mesa's Enterprise Zone and the economic activity area, which includes the Union Pacific Business Corridor, Falcon Field Airport and the downtown vicinity.

The EDLF will provide loans to public or private for-profit and non-profit businesses to carry out a variety of activities, which include acquisition of real property, rehabilitation, demolition, site preparation and new construction. The Community Development Block Grant (CDBG) national objective will be met by benefiting low- and moderate-income persons through job creation. The EDLF will create an estimated 484 full time or equivalent jobs of which at least 51% will be held by or available to low-or moderate-income persons.

The City will repay the Section 108 Guaranteed Loan over a 20-year period. Repayments from the EDLF program will be used to repay the guaranteed loan and terms for individual third party loans will be set on a loan-to-loan basis. To secure repayment, the City will assign its interest in EDLF loans secured by liens on real estate, machinery and equipment, and personal guaranties.

California



Padre Hotel Renovation Project

Bakersfield, CA

Section 108 Guaranteed Loan - \$1,800,000

The Padre Hotel was built in 1927 and operated as a hotel up until the late 1960's. Between the late 60's and 1999, a portion of the closed hotel was used as a Single Room Occupancy space with a retail space at street level. By the turn of the century, new property owners had purchased the building and planned to have it renovated and condominiumized. However, due to asbestos related problems, the owners were unable to obtain the necessary permits to complete the renovation. Padre Hotel, L.P, the current owners of the property, purchased the building with plans to return the historic hotel to its original form. Upon completion of a substantial rehabilitation, the hotel will reopen as one of only two full-service hotels located in downtown Bakersfield. The completed project will include 112 rooms, extensive food and beverage facilities, and five meeting rooms.

The City of Bakersfield will relend their loan guarantee proceeds to Padre Hotel L.P. to finance 80 percent of the furnishings, fixtures and equipment (FF&E) as part of the historic hotel rehabilitation. In addition to the Section 108 loan proceeds, the developer will commit \$450,000 in equity to finance the remaining FF&E costs. The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The City estimates that 158 full time or equivalent jobs will be created as a result of the project.

For additional security, the City will pass through to HUD a third lien on the Padre Hotel property. Further, the City has agreed to allow HUD to use existing pledged grants to prepay the loan guarantee if HUD determines that the standard pledge of future Community Development Block Grant funds is insufficient to assure payment of amounts due.



RAD Ventures Acquisition/Interest Reserve

Los Angeles, CA

Section 108 Guaranteed Loan - \$18,200,000

RAD Ventures will acquire a two parcel site at 5860 W Jefferson Boulevard for development of a three-phase commercial, mixed-use project. The project will include two office buildings and one mixed use high-rise complex. The parcel is situated near La Cienega Station, part of the new Expo Line system, which has allowed the community plan area where the project is located to be converted from an Industrial Zone to a Transit-Oriented Corridor. This change will provide the project and surrounding area significant entitlement and economic incentives to spur mixed use development going forward.

The City of Los Angeles will provide the Section 108 loan guarantee proceeds to RAD Ventures to finance land acquisition and capitalization of the debt service reserve during Phase I of the project. This initial phase will include land acquisition and construction of a 301,500 square foot class-A office building. Total Phase I project financing will include \$101,600,000 in senior debt financing, \$18, 200,000 in Section 108 loan guarantee proceeds and \$14,287,875 in developer equity.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The City estimates that 750 full time or equivalent jobs will be created as a result of the project.

The City will repay the Section 108 Guaranteed Loan over a 20-year period and pay interest only for the first four years. The borrower will utilize a debt service reserve to pay interest for the duration of the four year interest only period. Project revenues from the development will be used to repay the guaranteed loan. For additional security, the City pledges its first lien on the project property.



VEDC Small Business Loan Program

Los Angeles, CA

Section 108 Guaranteed Loan - \$15,000,000

The City of Los Angeles will provide \$15,000,000 in financing to the Valley Economic Development Center (VEDC) Small Business Loan Program (SBL) project. The Section 108 loan proceeds will be used for the purpose of funding underwriting, documenting, administering, and extending loans to non-profit and for-profit small businesses.

VEDC is a not for profit California corporation that will coordinate its SBL with technical assistance provided to micros and small business owners by the Los Angeles Business Assistance Program (LABAP). The LABAP is administered through the Economic Development Division of the City's Community Development Department. The VEDC's SBL Program will provide secured loans to small businesses and micro enterprises in amounts ranging from \$75,000 to \$450,000. Additionally, the City will establish a loan loss reserve account at 5% of the outstanding loan balance for meeting potential losses in the loan portfolio.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low- and moderate-income persons through job creation. The City estimates that 429 full time or equivalent jobs will be created or retained from financing the SBL project.

The City will repay the Section 108 loan over a 20 year period and will use SBL program proceeds to pay down the balance of the guaranteed loan. For additional security, the City will assign its interest in the VEDC loan, secured by VEDC's assignment of its interest in third party loans to micro and small business owners.



Calko Steel Project

Los Angeles, CA

Section 108 Guaranteed Loan - \$1,317,000

The City of Los Angeles will relend the Section 108 Loan Guarantee proceeds to Calko Steel, Inc. to assist in property acquisition for the Calko Steel Project development. The development will involve acquisition of an 87,416 square foot vacant lot located at 6900 Stanford Avenue and the construction of a new 52,746 square foot building, containing two light manufacturing facilities totaling 48,540 square feet and 4,206 square feet of office space. The project will allow Calko Steel to expand operations and relocate its fabrication and distribution operations to the new building. The site being acquired has been designated as a “brownfields demonstration site” under the City of Los Angeles’ Brownfield Program.

The Section 108 funds will be used in combination with \$2,600,000 in private debt, \$844,000 in investment equity and a \$210,000 in Community Redevelopment Agency grant. The Community Development Block Grant (CDBG) national objective will be met by benefiting low- and moderate-income persons through job creation. The City estimates that 38 full time or equivalent jobs will be created from the project.

The City will replay the Section 108 loan over a 20 year term paying interest only for the first two years. The City will use revenues generated from the business to repay the obligation. To secure repayment, the City will provide a first lien on the project’s land and improvements.



20 Plex Movie Theater Rehabilitation Project

San Bernardino, CA

Section 108 Guaranteed Loan - \$4,760,000

The City of San Bernardino is working with Maya Cinemas, the Developer, to refinance and refurbish a 104,900 square foot 20-plex movie theater in downtown San Bernardino. In December of 2008, the Developer entered into an agreement to purchase the theater from the City and assume responsibility for renovations and refurbishing. Theater renovations will include new carpeting, IMAX sound system and screen upgrades, replacement of many of the Theater's 4,200 seats, and upgrades that will bring the Theater into compliance with the Americans with Disabilities Act. Maya Cinemas is also responsible for providing some public improvements immediately surrounding the Theater, such as the construction of a public plaza with water fountains and pedestrian walkways.

In addition to the Section 108 Loan Guarantee commitment, the Developer will use \$2,900,000 in New Markets Tax Credits equity, an existing Section 108 loan of \$4,240,000, and \$2,600,000 in developer equity. The Community Development Block Grant (CDBG) national objective met by the activities is the elimination of slums or blight on an area basis. The City expects the theater to provide goods and services to 185,388 people in the area, of which 101,222 will have low-and moderate-incomes.

The developer will repay the guaranteed loan over 7 years using revenue from the theater's operations to pay down the obligation. Repayment of the loan will be secured by a deed of trust on the Theater in addition to the standard pledge of future Community Development Block Grant funds if revenues and other sources are insufficient to assure payment of amounts due.

Colorado



Northview Industrial Park

Adams County, CO

Section 108 Guaranteed Loan - \$10,000,000

Globeville I, LLC, the Developer, will acquire a 77-acre site in Adams County from Asarco, LLC, a former smelting and mining operation that has since declared bankruptcy. Given the existing level of contamination on the site, the developer will demolish the existing buildings and fully remediate the soil and land. Once remediation is complete, which is anticipated to occur within an 18 month timeframe, the Developer will sell the site to a separate entity, Opus Northwest, LLC, who will construct 860,000 square feet of warehouse and light industrial space on the site.

Adams County will relend the Section 108 proceeds to the Developer to cover costs associated with environmental remediation, demolition, insurance and site improvements to prepare the site for vertical redevelopment. In addition to \$10,000,000 in Section 108 Loan Guarantee proceeds, the project will be financed with \$4,375,771 in Seedco Financial debt, \$1,631,478 in developer equity and \$1,000,000 in grants from the City of Denver.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The County estimates that 500 full time or equivalent jobs will be created as a result of the project.

The County has requested a three year repayment term for the Section 108 loan with interest only for the first two years. Proceeds from the developer's sale of the property to Opus Northwest, will be used to pay down the balance of the guaranteed loan in full. For additional security, the County will assign its interest in the loan to the Developer, which will be secured by the forward sale agreement to Opus Northwest and future tax increments of \$23 million over the next 25 years.

Florida



Coral Square Shoppes Redevelopment

Fort Pierce, FL

Section 108 Guaranteed Loan - \$3,395,000

Brownfields Economic Development Initiative Grant - \$800,000

The City will relend the Section 108 Loan Guarantee proceeds to Tulepan Management to open the Coral Square Shoppes upon redevelopment of the Coral Square shopping center. The shopping center, which is situated on a 16-acre site in the southern section of the City, was badly damaged during three separate hurricanes occurring in 2004 and 2005. As a result of the damage and subsequent environmental contamination, the City was forced to condemn the site in its entirety. In order for the site to regain its utility, the existing buildings require demolition and the site requires environmental remediation. Once redeveloped, the Coral Square Shoppes will house 24 new retail spaces.

Proceeds of the Section 108 Loan Guarantee will be used to cover the cost of site preparation, construction and rehabilitation. Additionally, an \$800,000 Brownfields Economic Development Initiative Grant will be used for site remediation and capitalization of a debt service reserve. All other project costs will be covered by \$23,535,000 in debt financing and \$10,900,000 in private equity. The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The City estimates that 570 full time or equivalent jobs will be created or retained from the project.

The Section 108 Loan Guarantee commitment will be serviced by the City over a nine year amortization period. The City will use revenues from the project to pay down interest and the outstanding balance of the loan. Repayment of the loan will be secured by a first lien on the Coral Square property.

Massachusetts

Boston Invests in Growth Loan Pool

Boston, MA

Section 108 Guaranteed Loan - \$69,700,000

The City of Boston will use the Section 108 Loan Guarantee proceeds to create the Boston Invests in Growth Loan Fund to stimulate commercial real estate development. The loan pool will focus on economic development activities and provide gap financing for projects in the \$10 million to \$15 million range. The City will set aside up to 10% of the loan pool for smaller neighborhood-based projects with an average loan size of \$500,000.

Through the loan fund, the City is considering three projects for immediate funding consideration: 1) Sawyer Enterprises, W Hotel, \$10,000,000, construction of a restaurant, spa, and destination bar at the new W Hotel. This loan will create 300 new jobs; 2) Finard Properties, Shops at Riverwood, \$5,000,000, construction of retail including a bank, supermarket, shoe store, and a national clothing retailer. This loan will create 300 new jobs; and 3) Pappas Enterprises, Gloria Foods, \$700,000, to facilitate the opening of a new neighborhood market in South Boston. This loan will create 30 new jobs.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The City estimates that throughout the life of the loan pool, 1,992 full time or equivalent low-and moderate-income jobs will be created or retained.

The City has requested a 20-year repayment term and will use payments from the loan pool to repay the Section 108 Loan. To secure repayment of the guaranteed loan, second liens on project property and other assets will be obtained through the third party loans to businesses.

New York

26 North Street Building Renovation Project

Middletown, NY

Section 108 Guaranteed Loan - \$750,000

Brownfields Economic Development Initiative Grant - \$400,000

The City of Middletown will relend the Section 108 Loan Guarantee proceeds to Polonia Ventures, LLC to acquire and renovate an abandoned eight-story building located at 24-26 North Street. The project will turn an abandoned site and building, in need of environmental remediation, into a mixed use office, retail and residential development. The renovated building will include commercial and office space on floors one and two, 16 market rate apartment units on floors three through six, and a restaurant bar/lounge on floors seven and eight.

In addition to the Section 108 Loan Guarantee commitment, a \$400,000 Brownfields Economic Development Initiative (BEDI) grant will be to cover costs associated with the project. Further, \$925,916 in senior debt and \$520,000 in developer equity will also be used as financing for the renovation.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The City estimates that 40

full time or equivalent jobs will be created from the project and will work closely with the New York State Department of Labor to maintain the targeted level of employment.

The City will repay the Section 108 loan commitment over a twenty year period using project revenues to pay down the loan. To ensure repayment, a 2nd lien on real property and personal and corporate guarantees have been secured from the developing entity and equity holders.

Pennsylvania

Economic Development Loan Pool

Carlisle, PA

Section 108 Guaranteed Loan - \$500,000

The Borough of Carlisle will work with the Cumberland County Redevelopment Authority (RDA), who will act as the administrative agent on the Borough's behalf, to establish a revolving economic development loan pool to assist in revitalizing Downtown Carlisle. The loan fund will initially make a loan of \$350,000 to one business borrower and make three additional loans of \$50,000 to three other business borrowers. The economic development loan pool will be established as a revolving loan pool so that once the initial borrowers repay their loans, additional loans can be made to subsequent borrowers. All third-party business loans capitalized through the loan pool will go toward financing business expansion and new business development.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The Borough estimates that throughout the life of the loan pool, 16 full time or equivalent low-and moderate-income jobs will be created or retained.

The Borough will repay the Section 108 loan over a ten year term using its future CDBG grants. The Borough will utilize all third-party borrower repayments to recapitalize the loan fund for future third-party business loans. To secure repayment, the Borough will pledge its interest in its third-party loans, which will include liens on real property.



East Liberty Portal Project

Pittsburgh, PA

Section 108 Guaranteed Loan - \$10,000,000

Brownfields Economic Development Initiative Grant - \$2,000,000

The City of Pittsburgh will relend the Section 108 Loan Guarantee proceeds to Eastside V Limited Partnership, the Developer, to prepare a five-acre site for construction of a 160,000 square foot Target store and 460 on-grade parking spaces in the City's East Liberty neighborhood. Concurrently, the Developer will be working with the Urban Redevelopment Authority of Pittsburgh (URA) and the Port Authority of Allegheny County to redesign and reconstruct the surrounding street infrastructure to accommodate the Port Authority's existing bus traffic. Although the new Target store will be one of more than 1,740 locations nationwide, it will be the first within Pittsburgh's boundaries.

The Developer utilized two bridge loans to acquire the site in December of 2008. In addition to the loan guarantee commitment, the Developer will use a \$2,000,000 Brownfields Economic Development Initiative (BEDI) grant to demolish the site's existing structures, remediate the site's environmental contaminants, make site improvements and relocate displaced businesses and residents. Further, \$20,000,000 in PNC Bank debt, \$12,609,698 in New Markets Tax Credits (NMTC) equity, a \$2,100,000 "Business in Our Sites" State of Pennsylvania grant and \$1,491,315 in developer equity will also be used to finance the project.

The Community Development Block Grant (CDBG) national objective will be met by providing area benefit to low-and moderate-income persons and the project will be located in a previously HUD-approved Neighborhood Revitalization Strategy Area (NRSA). The Target store's service area, which is primarily residential, will include 37 census tracts and 84,721 people, of which 45,085 will have low-to moderate-incomes. The development is also expected to create 115 full-time or equivalent jobs.

The City will repay the \$10,000,000 Section 108 loan over a twenty-year term, the first seven years being interest-only. Revenues from the Target store will be used as the source of repayment for the loan guarantee commitment. To ensure repayment, the loan will be secured by a second mortgage on the development's property.

City Wide Loan Pool #7

Philadelphia, PA

Section 108 Guaranteed Loan - \$20,000,000

Brownfields Economic Development Initiative Grant - \$6,000,000

The City of Philadelphia will use \$10,500,000 in Section 108 Loan funds to expand its existing City-wide Loan Pool Program number seven, in conjunction with three recipients of a Brownfield Economic Development Initiative (BEDI) grant awards. The City will use the balance of funds for economic development projects with the remaining \$2,000,000 for slum and blight activities. The City's seventh community wide loan pool will be administered by The Philadelphia Industrial Development Corporation (PIDC). The following projects will be initially undertaken through the seventh City Wide Loan Pool:

<u>Section 108 Funds</u>	<u>BEDI Funds</u>
\$2,000,000 -Essington Avenue (Philadelphia Regional Produce Market)	\$2,000,000
\$5,000,000 – Schmidt's Development Project	\$2,000,000
\$3,500,000 – Plaza at Enterprise Heights (Mill Creek and Walnut Hills Neighborhoods)	\$2,000,000

(1) Essington Avenue: The site in the 6700 block of Essington Avenue will be transformed into the new Philadelphia Regional Produce Market with state of the art amenities for area growers. This facility will enhance the preservation of high quality fresh produce to enable the growers to reach new markets. The project will create 400 new jobs and retain 1,100 jobs.

(2) Schmidt's Development: The project will transform 8.2 vacant acres into a walkable streetscape with a 160,000 square foot retail center at 2nd and Girard Avenues. The project will create 533 jobs for low-to moderate-income persons.

(3) Plaza at Enterprise Heights: The City is proposing to use funds to prepare 3.5 acres in the Mill Creek and Walnut Hill neighborhoods for various commercial and retail developments. The project will be located between 4600 and 4700 Market Street. The project will feature a green roof and provide 45,000 square feet of commercial space along with 30,000 square feet for retail tenants. This project is expected to create 100 construction jobs and 100 permanent full time or equivalent positions, with at least 51 percent being held for low-to moderate-income persons.

The Community Development Block Grant (CDBG) national objective will be met by benefiting low-and moderate-income persons through job creation. The City's loan program is currently in its sixth round of funding and has provided \$144 million in loans and has leveraged \$590 million of other funds in 59 projects, which have created 2,412 new jobs.

The City will utilize repayments from its loan pool program to service the Section 108 debt and has requested a twenty-year repayment term with interest only for the first four years. To secure repayment, the City will provide its interest in third party loans secured by real property, personal guarantees, equipment, accounts receivable or inventory, as well as Tax Increment Financing (TIF).

Washington



White Center Commercial Plaza (Part II)

King County, WA

Section 108 Guaranteed Loan - \$1,000,000

The Developer, White Center Square, LLC, is developing a multi-tenant commercial plaza known as White Center Commercial Plaza. The project will include two, one-story buildings and surface parking. The larger of the two buildings will be used to operate an Asian grocery store, Vietnamese noodle shop and four other retail spaces. The smaller building has been designed to accommodate four additional retail tenants. In total, the project will provide 26,523 square feet of retail space.

In 2007, King County provided the Developer a \$5,250,000 Section 108 Loan Guarantee commitment for the project. After the project's original contractor was unable to obtain performance bonding, the Developer had to rebid and hire a new contractor, which increased project costs and changed the overall size of the project. Due to these unforeseen changes, the Developer determined that an additional \$1,000,000 Section 108 Loan Guarantee commitment was required to complete the project. Proceeds from both loans will be used to cover costs associated with land acquisition and construction.

In addition to the 6,250,000 in 108 Loan Guarantee proceeds, the project will utilize \$3,115,688 in New Market Tax Credit Equity and \$1,549,219 in owner equity. The Community Development Block Grant (CDBG) national objective will be met by providing benefit to low-and moderate-income persons on an area basis. The area is primarily residential and the percentage of low to moderate income persons living in the area is 64.9%. The County expects the retail space and grocery store to provide goods and services to a service area encompassing 10,570 low and moderate-income persons.

Lease generated revenues will be used to repay the loan guarantee commitments over a 20-year amortization term. The loans will be interest only for the first seven years. To secure repayment, the loans will be collateralized by a first lien position on the real property.

Multi-State



Boscov's Permanent Working Capital Project

Section 108 Guaranteed Loans - \$46,720,000

The cities of Scranton, PA, Wilkes-Barre, PA and Vineland, NJ in collaboration with Atlantic County, NJ and a six county partnership in the Commonwealth of Pennsylvania, including Blair, Butler, Cambria, Lackawanna, Lebanon and Schuylkill counties, will utilize proceeds from a series of Section 108 Loan Guarantee commitments to provide a timely permanent working capital loan to Boscov's LLC. Boscov's Inc, which is the parent company of Boscov's LLC, has been in operation since 1911 and owns and operates 39 department stores in five states.

Due to increasing economic difficulty and the sudden downturn in consumer spending in the company's target areas of business, the company and its wholly-owned subsidiaries was forced to file for Chapter 11 Bankruptcy on August 4, 2008. The bankruptcy filing has allowed the company to reorganize and restructure its business operations while paying off existing creditors. On November 21, 2008, the U.S. Bankruptcy Court approved the sale of the company's assets to a legal entity organized by the company. To facilitate the sale, the company has arranged financing of \$53,000,000 in equity and \$46,720,000 in short-term debt from Susquehanna Bank. Additionally, the company secured a \$205,000,000 line of credit for working capital to continue store operations during its reorganization and restructuring phase.

In order to fully finance of the company's asset sale and repurchase, Boscov's LLC needs a permanent working capital loan to refinance its expiring short-term debt. To ensure the permanent working capital is available, the multi-community consortium will enter into a joint loan agreement with Boscov's LLC and the Pennsylvania Economic Development Financing Authority (PEDFA). The breakdown of Section 108 commitments by community and other sources of financing will be the following:

Section 108 Loan (Scranton, PA)	\$3,000,000
Section 108 Loan (Wilkes-Barre, PA)	\$3,000,000
Section 108 Loan (Vineland, NJ)	\$2,720,000

Section 108 Loan (Atlantic County, NJ)	\$3,000,000
Section 108 Loan (State of Pennsylvania Consortium)	\$35,000,000
PA Real Estate Investment Trust Equity	\$10,000,000
Carafo Equity	\$20,000,000
Boscov Family Equity	\$23,000,000
Total Sources:	\$99,720,000

The Community Development Block Grant program (CDBG) national objective will be met through benefit provided to low-to moderate-income persons through job retention. The reorganization plan and permanent working capital will enable the company to return to its more traditional business model and retain 1,353 full-time or equivalent positions.

The communities will repay the Section 108 loans with Boscov's LLC's revenues over a twenty-year term, with interest-only payments for the first two years. To secure repayment, the communities will pledge their interest in the third-party loans to Boscov's LLC, which will be secured by an unconditional guarantee from each of the company's sureties and a second lien filing on all inventory owned by the company, subordinated to the first lien position of the senior lender of the working capital line of credit.

Housing Projects

One housing project received \$15,000,000 in Section 108 commitments in the fiscal year 2009. This project will be a Housing Loan Fund in Portland, Oregon.

Oregon

Housing Preservation Loan Fund

Portland, OR

Section 108 Guaranteed Loan - \$15,000,000

The City of Portland will utilize \$15,000,000 in Section 108 Loan Guarantee proceeds to capitalize a Housing Loan Fund, which will be established to preserve and create affordable housing throughout the City. Financing provided through the loan fund will be used for acquisition, payment of interest and Section 108 issuance costs, site preparation, clearance and demolition, relocation assistance, housing rehabilitation activities, and public facility installation. The City has also requested the right to utilize a portion of the Housing Loan Fund to finance economic development activities, such as those undertaken with mixed-use developments.

The Community Development Block Grant (CDBG) national objectives met by the eligible activities are benefit to low-and moderate-income persons through affordable housing, area benefit, and services to limited clientele.

The City will utilize repayments from its third party borrowers or other subrecipients to service the Section 108 debt. The City will repay the various loans from its Housing Loan

Fund, generally over 20 year terms for each Housing Loan or Business Loan. The City will assign its interest in third party loans secured by liens on real property, personal guarantees, or other such collateral as may be required by HUD.

Public Facilities

HUD approved a total of \$25,634,000 in Section 108 Loan Guarantee authority for eight public facilities projects. Guaranteed Loans between \$353,000 and \$14,000,000 were approved for communities to assist in financing a variety of public facility type projects.

California



Hagemann Farm Acquisition Project

Livermore, CA

Section 108 Guaranteed Loan - \$1,800,000

The City of Livermore will use the Section 108 Guaranteed Loan proceeds to acquire a five acre parcel known as Hagemann Farm, which is located at 545 Olivina Avenue. Once acquired, the City intends to carryout site improvements that will remove barriers that restrict the mobility and accessibility of handicapped persons. The current tenant, Hoofprints on the Heart (Hoofprints), operates the Adaptive Riding Center, which provides horseback riding therapy and rehabilitation to disabled adults and children with various disabilities. The City will permit Hoofprints to remain on the property rent free as long as they continue to operate its adaptive riding program for disabled persons and meet the requirements of the Section 108 and CDBG programs. This will allow Hoofprints to expand its operations and continue to provide services to its clientele.

The City will use the Section 108 funds to acquire Hagemann Farm and for issuance costs associated with a Section 108 Public Offering. However, the City has indicated that if the estimated cost of acquiring the property and the issuance are less than estimated, they will use the remaining balance of Section 108 funds to assist with future site improvements. The project will meet the Community Development Block Grant (CDBG) national objective by benefiting low-to moderate-income persons on a limited clientele basis.

The City is requesting a 20 year repayment term with interest only payments for two years. The City will use its CDBG funds to repay the Section 108 obligation and additional security will be provided in the form of a first lien on Hagemann Farm.



Logan Heights Branch Library
San Diego, CA
Section 108 Guaranteed Loan - \$353,000

The City of San Diego has requested an additional \$353,000 to complete the construction of the 25,000 square foot Logan Heights Branch Library. The project is situated on San Diego Unified School District property at 28th Street and Ocean Boulevard. Initial funding for the project was provided by the City through a \$3,030,000 Section 108 Loan Guarantee commitment issued on March 11, 2002. Since the initial loan commitment, there has been no change in the approved eligible activities, however, construction costs have increased approximately \$600,000 since the original estimate in 2002. In addition to Section 108 funds, the City has received \$5,359,724 in funding from a State Library Grant and \$150,000 from its City Capital Improvement Budget to finance the additional costs.

The Section 108 Loan Guarantee financing of eligible activities will meet the Community Development Block Grant (CDBG) national objective criteria for benefiting low-to moderate-income persons through area benefit. The area that the library will serve, which is primarily residential, consists of 18, 213 people, of which 14,961 (82%) are low-to moderate-income.

The City is requesting an eighteen-year repayment term with equal principal payments each year.

Georgia



**North DeKalb Community Center,
North DeKalb Community Center and
Central DeKalb Senior Center**

DeKalb County, GA

Section 108 Guaranteed Loan - \$14,000,000

The County will utilize the Section 108 Loan Guarantee commitment in addition to \$3,600,000 in Community Development Block Grant (CDBG) funds to construct the following three public facilities in North, South and Central DeKalb County:

(1) South DeKalb Community Center – (\$5,500,000). This center will be located at 1931 Candler Road and is planned to be approximately 16,000 square feet. Adequate parking is a critical component given the number of older adults driving. The CDBG national objective for this project will be met by providing benefit to low-to moderate-income persons on an area basis. 54.9 percent of the residents in the service area will have low-to moderate-incomes.

(2) North DeKalb Community Center – (\$3,500,000). The original North Senior Center was located at Johnson Ferry Public Housing, but due to the redevelopment of the Johnson Ferry Complex, the North Senior Center had to be moved to a temporary space. DeKalb County has pursued purchasing a suitable site to accommodate the construction of a Community Center facility to serve the Chamblee and Doraville area. The center will be approximately 10,000 square feet. The CDBG national objective for this project will be met by providing benefit to low-to moderate-income persons on an area basis. 58.6 percent of the residents in the service area will have low-to moderate-incomes.

(3) Central DeKalb Senior Center – (\$5,000,000): The proposed center is located in the Toco Hill area and will be approximately 10,000 square feet. The CDBG national objective for this project will be met by providing benefit to low-to moderate-income persons on limited clientele basis.

Each facility is planned to have a commercial kitchen, meetings rooms, a computer lab, a fully equipped fitness room, court yards and sitting areas around the grounds. Services provided by all three centers will offer health/wellness programs, nutritional counseling, educational programs, community activities and limited transportation.

The source of repayment of the Section 108 loan will be prior and future CDBG entitlement grants and the loan will be repaid over a 20-year period. The County will pledge a first lien on land and improvements at each public facility site, which will be assigned to HUD as additional loan security.

Illinois



Community Counseling Center Construction

Madison County, IL

Section 108 Guaranteed Loan - \$3,500,000

The County of Madison will relend proceeds from the Section 108 Guaranteed Loan commitment to the Community Counseling Center (CCC) to construct a new three-story, 35,000 square foot mental health center to replace an existing 20,000 square foot facility. Specifically, the project involves acquisition of real property, demolition of the existing building, site improvements, environmental remediation and construction of the new facility. CCC currently provides a broad range of mental health services to approximately 2,600 low-income Madison residents annually. These services include, but are not limited to, screening, assessment, counseling, psychiatric treatment, outpatient substance abuse treatment, 24-hour crisis intervention/suicide prevention and in-home services to senior citizens and their caregivers coping with depression and dementia. CCC anticipates that its capacity to service low-income persons will increase and that 30 new full-time equivalent jobs will be created over a three-year period.

In addition to the Section 108 proceeds, \$2,287,000 in CCC Funds, \$1,357,000 in Federal New Markets Tax Credit (NMTC) equity and \$995,000 in State NMTC will be used to fully finance the project. The project will meet the Community Development Block Grant (CDBG) national objective by benefiting low-to moderate-income persons on a limited clientele basis. The facility will be located in the City of Alton, but will serve the entire northern portion of Madison County, which has a low-income population of 44,045 people.

The County has requested a 20-year repayment term with interest only payment for the first three years. Revenues generated from the mental health center will be used to repay the obligation on the Section 108 loan. To secure repayment, the County will assign its interest in its loan to CCC, which will be secured by a first lien on the land and improvements.

Pennsylvania

Cumberland County Loan Pool

Cumberland County, PA

Section 108 Guaranteed Loan- \$560,000

Cumberland County will use the Section 108 Guaranteed Loan for the creation of a loan fund to assist non-profit developers construct or rehabilitate group homes throughout the County for adults that are severely mentally disabled. It is projected that four (4) loans in the maximum amount of \$140,000 per loan will be made to developers for acquisition of real property, demolition, rehabilitation of existing structures, site improvements or construction of new group homes.

The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is benefiting low- and moderate-income persons through limited clientele activities. The clients served by these homes will be mentally disabled adults.

The County will repay the Section 108 Guaranteed Loan over a 15-year term. The County's annual CDBG allocation will be used to make the loan repayments. In addition, the County will use program income generated from the projects for repayments. To secure repayment, the County will assign its interest in the third party loans secured by liens on the group homes for which the Section 108 funds are being used. Also, language will be included in the Contract for Loan Guarantee Assistance that permits HUD to use existing pledged grants to repay (or defease) the guaranteed obligation if HUD determines that the pledge of future Community Development Block Grant entitlement is insufficient collateral.

Rebuild York Initiative

York, PA

Section 108 Guaranteed Loan- \$2,530,000

The City of York will use the Section 108 Guaranteed loan for rehabilitation of twenty-two street segments and two public facilities: the Princess Street Center and the Eagle Fire Station. These projects are a part of the Rebuild York Initiative. The street reconstruction work includes base repairs, milling, overlay and related drainage improvements. The Princess Street Center, which primarily serves the West End neighborhood of the City, will undergo roof replacement and other rehabilitation. The former Eagle Fire Station will be converted to a community resource center to provide services to local residents. The building will undergo architectural improvements, major systems replacement, and handicapped accessibility improvements.

The Section 108 Guaranteed Loan will be used in conjunction with \$599,444 from the Pennsylvania Department of Transportation and \$699,853 from the Department of Public Works general fund for a total project cost of \$3,829,297.

The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit low- and moderate-income persons through area benefit. The City has provided income documentation for the service area for each of the street improvements and for the areas that will be served by the two community facilities.

The City will repay the Section 108 Guaranteed Loan over a 20-year period with interest only payments for the first 2 years. The City's annual CDBG allocation will be used to make the loan repayments. To secure repayment, the City of York will pledge its full faith and credit. In addition, the community agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future Community Development Block Grant funds is insufficient to assure payment of amounts due.

Tennessee

HOPE VI Acquit, Demolition and Rehabilitation

Kingsport, TN

Section 108 Guaranteed Loan- \$856,000

The City will use the Section 108 Guaranteed Loan to assist with the construction of a 10,000 square foot community center. The city will lend the loan to the Kingsport Housing Redevelopment Authority (KHRA) through a subrecipient agreement. The project involves demolition of existing structures and construction of the new center. The center will include the following: homeownership/supportive housing offices, multi-purpose community room, classroom/learning center with computers, commercial style kitchen and food pantry, satellite office for Boys & Girls, Inc., AmeriCorps Office, Health & Wellness Center, and restrooms. The Center is part of the City's broader HOPE VI revitalization project and is intended to provide supportive service to low- and moderate-income persons within the service area.

In 2006, KHRA was awarded a \$11,900,000 HOPE VI grant to assist with the construction of 116 affordable housing units, which includes construction of 1) 38 homes - 30 single family detached home and 8 duplex units in the Riverview Neighborhood, 2) 24 single family detached home in the Sherwood/Hiwassee Neighborhood and 3) 54 senior units. All housing units will be occupied by low- and moderate-income persons. These housing units will be the predominate users of the center. In addition to the Section 108 Guaranteed Loan, KHRA will use \$1,270,310 in HOPE VI funds and \$502,181 in City funds for a total project cost of \$2,628,491.

The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit to low- and moderate-income persons on an area basis.

The City will repay the Section 108 Guaranteed Loan over a 20-year period with its annual CDBG allocation. To secure repayment, The City pledges revenues from its loan portfolios. In addition, the City has agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future Community Development Block Grant funds is insufficient to assure payment of amounts due.

Texas

Producers Park & Rio Vista Park Project

San Angelo, TX

Section 108 Guaranteed Loan- \$2,035,000

The City will use the Section 108 Guaranteed Loan to finance two public facilities projects: the development of Producers Park and renovations to Rio Vista Park.

1. Development of Producers Park (\$1,424,000)

The City will finance the construction of a 10 acre public park located on a 22.8 acre lot; the remaining acres will be open space. The park will be located on the northeast side of San Angelo at the intersection of Montague Avenue and Rick's Drive and will include a playground, picnic shelter for 48 people, restroom facilities, parking, four practice fields, picnic tables and grills, walkways and trails, landscaping, and an irrigation system. In addition, the project will involve construction of Schroeder Avenue extension to allow access into the park from one of the major thoroughfares.

The City conducted a three-month study using a survey to determine the service area for Producers Park and concluded that the park will primarily serve the neighborhoods in the northeast section of the City. Fifty three percent of the population for the service area is low- and moderate-income persons.

2. Renovation of Rio Vista Park (\$590,000)

The City will finance renovations to the existing City owned five acre Rio Vista Park, which is located on Ben Ficklin Road and Avenue X. The renovations will include the installation of a new playground, several picnic tables and benches, a picnic shelter/pavilion, picnic grills, a drinking fountain, a trail/walkway, a new irrigation system, parking lot improvements, and security lighting and electrical outlets. The park will be handicap accessible in accordance with the Americans with Disabilities Act (ADA). Fifty one percent of the population for the service area is low- and moderate-income persons.

In addition to the activities above, the City will use \$21,000 of the Section 108 funds for issuance costs associated with a Public Offering. The City will use the Section 108 Guaranteed Loan in conjunction with \$60,000 in Community Development Block Grant funds for a total project cost of \$2,095,000.

The Community Development Block Grant (CDBG) national objective for the City's use of guaranteed loan funds is to benefit to low- and moderate-income persons on an area basis.

The City will repay the Section 108 Guaranteed Loan over a 10-year period with its annual CDBG allocation. To secure repayment, the City pledges its ad valorem property taxes, which becomes part of the City's annual general funds. The City's tax revenues for the 2007/2008 Fiscal Year (FY) were \$21,882,131. In addition, the community agreed to allow HUD to use existing pledged grants to prepay (or defease) the Guaranteed Loan if HUD determines that the standard pledge of future Community Development Block Grant funds is insufficient to assure payment of amounts due.